

Company Registered No. 00032668

STEEL BROTHERS AND COMPANY LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
31 DECEMBER 2002**



STEEL BROTHERS AND COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS 2002

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STEEL BROTHERS AND COMPANY LIMITED

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OFFICERS AND PROFESSIONAL ADVISORS

Directors

T V Lakshmi Kanthan
G M K Lodhi
J A Melrose

Secretary

J A Melrose

Registered Office

75 Westow Hill
London SE19 1TX

Solicitors

Butcher Burns
Beaumont House
47 Mount Pleasant
London WC1X 0AE

Auditors

Chandler & Georges
Chartered Accountants
75 Westow Hill
Crystal Palace
London SE19 1TX

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company owns land and buildings in Myanmar and did not carry out any business in the United Kingdom. No changes are anticipated in its activities in the short term.

RESULTS AND DIVIDEND

The results for the year are set out in the attached accounts.

DIRECTORS

The present directors of the company are shown on page 1.

DIRECTORS' INTERESTS

None of the directors had any interests in the share capital.

AUDITORS

A resolution for the re-appointment of Messrs Chandler & Georges, Chartered Accountants is to be proposed at the forthcoming Annual General Meeting.

By order to the Board



J A Melrose
Secretary

07/04/03

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit, or loss for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to Presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
STEEL BROTHERS AND COMPANY LIMITED**

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chandler & Georges
Chartered Accountants & Registered Auditors

9 April 2003

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £'000	2001 £'000
Net operating loss	2	(11)	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(11)	(1)
Tax on loss on ordinary activities	4	—	—
LOSS FOR THE FINANCIAL YEAR		<u>(11)</u>	<u>(1)</u>

As a result of contractual difficulties with the tenants, no rent was received or provided for by the Myanmar branch.

Movements on reserves are set out in note 9.

The company's results are all from continuing operations.

A statement of recognized gains and losses is not shown separately as the company has no recognized gains and losses other than those passing through the profit and loss account.

RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	2002 £'000	2001 £'000
Loss for the financial year	(11)	(1)
Opening shareholders' funds	<u>94</u> 83	<u>95</u> 94
Dividend	--	--
Closing shareholders' funds	<u>83</u>	<u>94</u>

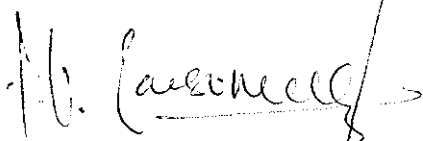
STEEL BROTHERS AND COMPANY LIMITED

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BALANCE SHEET
31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Tangible assets	5	<u>1</u>	<u>1</u>
CURRENT ASSETS			
Debtors	6	81	90
Cash at bank	7	<u>1</u>	<u>3</u>
NET CURRENT ASSETS		<u>82</u>	<u>93</u>
NET ASSETS		<u>83</u>	<u>94</u>
CAPITAL AND RESERVES			
Called up share capital	8	10	10
Other reserves	9	52	52
Profit and loss account	9	<u>21</u>	<u>32</u>
		<u>83</u>	<u>94</u>

Approved by the board on 07/04/03



T.V. LAKSHMI KANTHAN
Director

**NOTES TO THE ACCOUNTS
31 DECEMBER 2002****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective March 2000).

Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

All assets and liabilities nominated in foreign currencies are translated into sterling at the rates ruling at the end of the financial year and the resulting exchange differences are dealt with in the determination of profit for the financial year.

2. NET OPERATING LOSS

This is stated after (charging)/crediting:

	2002 £'000	2001 £'000
Exchange adjustments	(7)	10

3. EMPLOYEES AND DIRECTORS' REMUNERATION

The company did not employ any staff in 2002 and 2001.

The directors received no fees during 2002 and 2001.

4. TAXATION

Due to continuing losses, the company had no liability to UK Corporation tax or the overseas tax for the years 2002 and 2001.

NOTES TO THE ACCOUNTS
31 DECEMBER 2002

5. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000
Cost	
At 1 January and 31 December 2002	158
Depreciation	
At 1 January and 31 December 2002	<u>157</u>
Net book value at	
31 December 2002	<u>1</u>
31 December 2001	<u>1</u>

6. DEBTORS

	2002 £'000	2001 £'000
Debtors	81	90
	<u> </u>	<u> </u>

7. NET ASSETS OVERSEAS

Cash at bank comprises fund, which are not readily remittable, held in the following country:

	2002 £'000	2001 £'000
Myanmar	1	3
	<u>==</u>	<u>==</u>

The company is unable to dispose of its properties in Myanmar due to the local statutory restrictions.

NOTES TO THE ACCOUNTS
31 DECEMBER 2002

8. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised		
2,710,000 ordinary shares of £1 each	<u>2710</u>	<u>2710</u>
Balance at 31 December 2002	<u>2710</u>	<u>2710</u>
Allocated, issued and fully paid ordinary shares of £1 each	<u>10</u>	<u>10</u>

9. RESERVES

	Profit & Loss Account £'000	Other Reserves £'000
Balance at 1 January 2002	32	52
Loss for the year	(11)	==
Balance at 31 December 2002	<u>21</u>	<u>52</u>

10. ULTIMATE HOLDING COMPANY

The ultimate holding company is Somerton Trading Group S.A. A company registered in the British Virgin Islands.